

25X1

SECRET
SECURITY INFORMATION

REPORT

25X1

COUNTRY USSR (~~Ukrainian~~ SSR)

DATE DISTR. 31 Aug. 53

SUBJECT The Black Market in the Ukraine

NO. OF PAGES 3

PLACE
ACQUIREDNO. OF ENCLS.
(LISTED BELOW)DATE
ACQUIREDSUPPLEMENT TO
REPORT NO.

25X1

DATE OF INFO

THIS IS UNEVALUATED INFORMATION

25X1

1. The only flourishing trade in Uzhgorod [N 48-40, E 22-18] was the black market. It existed because of the insufficient supply of some merchandise, the complete lack of certain items of merchandise, and inadequate incomes. Private trade was strictly forbidden and severely punishable, but the people were forced to get, legally or illegally, what was needed to survive. They took any risk necessary to obtain money by speculation, by black sales in the shops, by selling state-owned goods on the free market, etc.
2. There were two free markets in Uzhgorod where anyone could sell personal property, such as second-hand clothing, hand-made articles, and home-produced food. These bazaars were the centers of black market activities, for, in addition to the above, they also provided opportunities for selling items from the state-owned shops, items from packages sent from the West, articles sold by homecoming Russian soldiers, etc., at prices set according to agreement with the individual buyers and much higher than the fixed official prices. The favorite black market items were spices, such as cloves and vanilla sticks, and after that such drugs as US penicillin and streptomycin, and also yeast and rice. Most of these articles were not available in the state-owned shops and, if available, only once a year and in very small quantities.

25 YEAR RE-REVIEW

SECRET

SECURITY INFORMATION

S E C R E T

25X1

- 2 -

Other favorite articles for sale were US nylon goods, ready-to-wear clothing for men and women, and shoes.

3. Eighty per cent of the merchandise sold in the free market came from the state-owned shops. The manager of a state-owned shop would sell in the shop only part of the goods received from the state warehouses, and the rest he sold for cash to the black market for a higher price, placing the legal price in the cashier's box and pocketing the difference. For example, aluminum foil in varied colors was not sold in Uzhgorod, but this material was issued to the state-owned stores for decorating the stores. The state debited the store 25.50 rubles per kilogram of such paper, but the store manager actually sold to black-marketeers, who eventually sold it for 140 rubles per kilogram in the free market. In February 1952 the Gastronom store received 25 kilograms of pepper from the state warehouse. Only five kilograms were sold to customers at one ruble for each decagram, which was the legal price. The manager sold the remaining 20 kilograms to a black-marketeer at four rubles for each decagram, and he in turn sold the pepper in the free market for six rubles per decagram. The situation was the same with yard goods. Employees of the state shops sold merchandise to their friends and acquaintances from behind the counter at a higher price, and they also used to take merchandise home and sell it in their homes for higher prices. The economic police could do nothing against this practice because many of the police themselves had been bribed, and their wives and girl friends bought on the black market, too. Sometimes they sold goods on the black market themselves.
 4. Another place where the black market flourished was at the Chop railroad station, where returning soldiers sold leather coats, shoes, Swiss-made watches, and yard goods. Chop offered the best opportunity to sell merchandise which might be dangerous to carry into the USSR.
 5. In 1950 the Soviets ordered a new concrete bridge built for pedestrians to replace an iron bridge bombed out during the war. In 1952 they arrested the three top leaders of the bridge construction because it was discovered that they had reported three times more concrete than they actually used in the bridge construction.
 6. In July 1952, the economic police arrested the director, storekeeper, manager, driver, and three other employees of the Uzhgorod Bread Factory because they had sold many tons of flour on the black market.
 7. The black market in gold, jewels, hard currency, and especially in diamonds, was in the hands of the Jews. The risk in this business was extremely high, which meant that the prices were extremely high too.
- Everyone in the USSR could be bribed, even with small amounts of money.
8. The center for black market documents was in L'vov, which was very famous for its thriving black market and gangsters. Robbery was rampant there -- and not only valuables were taken from the victims, but also their clothing. A person who had good connections with these gangsters was able to obtain anything he wanted, from virgins to murderers.
 9. The awkward distribution of merchandise and the poorly organized transportation system in the Carpatho-Ukraine served the black market, too, in cities where the output of food or textile plants used to accumulate, and sometimes deteriorate. The black market existed everywhere, and therefore black-marketeers travelled to the cities where certain merchandise accumulated to purchase on the black market there and transport the goods to sell on the black

S E C R E T

25X1

S E C R E T

- 3 -

25X1

market of their own town. Black-marketeers of Uzhgorod used to travel to L'vov and Kiev for knee-length rubber boots, rice, and yeast. For textiles, they travelled to Moscow. Employees of USSR railroads were always black-marketeers.

10. The solidarity of the black market was extremely marked. Black-marketeers used to make agreements among themselves as to what kind of goods they were permitted to sell on the market. They never sold anything to unknown persons. They cooperated closely, in that if one black-marketeer did not have a certain type of merchandise available, he would recommend someone who did have it.

S E C R E T